

The Achievements and Problems of the European Community

**By: His Excellency Fernand Spaak
Ambassador of the European Community
to the United States**

The first membership luncheon of the newly formed Midwest Chapter of our Chamber was held in Chicago on September 30, 1976. This highly successful event was attended by Consuls General from seven countries but regrettably the Honorable Jacques Melsens, Consul General of Belgium in Chicago, who had been a strong supporter of the new Chapter, was in Europe that day. A group of Chamber executives flew from New York to show their support. They included Robert M. Gottschalk, Esq., President, Edward M. Pilcher, Secretary General, C. J. van Gemert, Treasurer, and Gustave E. Pairoux, Executive Secretary.

The Midwest Chapter owes its successful establishment to previous administrations of the Chamber and more recently to Robert M. Gottschalk and Victor V. Shick who, with Andrew A. Athens, Chairman of the Midwest Chapter and members of the Executive Committee, made the "dream" come true.

In welcoming the members and guests, Mr. Athens outlined the creation of the Chapter, its purposes and services and promised an active program. He then introduced Mr. Gottschalk who congratulated the organizers and stressed the fact that the offices in Chicago and New York are colleagues and co-equal in a similar project. He also pointed out the strength and significance of the Midwest in international trade.

Mr. Athens then introduced His Excellency Fernand Spaak, Ambassador of the European Community to the United States. Born and educated in Belgium, Mr. Spaak joined the newly formed European Coal and Steel Community, serving as Chief Executive Assistant to its President Jean Monet. In 1960 he was named Director General for Energy in the European Community Commission and on January 1, 1976 was appointed to Washington, D.C.

The following is a summary of his speech:

I wish to talk about the Community—what it has achieved to date, what it means in Europe and the reasons why it should matter to the United States.

The Community was founded shortly after the war as an attempt, by creating an industrial solidarity, to make war impossible between the European nations. The fact that this has been so successful is no small achievement.

Soon thereafter, the ambitions of the original six countries of the Community broadened towards Europe's economic and political future. We thought that by pooling our efforts we could forge an instrument that would be the basis of a common position, both politically and economically for the Europe of the future.

This resulted in three achievements. First we created institutions of unity in Europe. Secondly, a number of common policies developed gradually between the countries of the Community, and thirdly, we succeeded in having a common budget.

The institutions are essentially a dialogue between the Commission, expressing the interests of Europe as a whole, and the Council of Ministers which reflects the interests of the member states. Next to these is a Court of Justice, something like the U.S. Supreme Court. Then there is a European Parliament.

I think it is useful to know that essentially the Community is very different from other international organi-

zations. Decisions taken in Brussels by the Executive Branch are implanted directly on each of the nine countries without further ratification. In other words, within the limited scope of authority of the Community, it acts as a European government. I said limited scope because there are many areas in the economic and political activities of the nine that remain outside the Community's competence.

Another aspect of our achievements is a number of common policies which have been developed and practiced. The first has been the successful realization of the Common Market. We have managed to do away with restrictions to trade within the member states and it is now possible for goods and people to move across borders without problems or obstacles.

The Common Market is now attempting to establish a common basis for industry and agriculture, i.e. to create a common legal environment for all those who wish to develop their industrial, agricultural and trade in all countries in the same manner. This is perhaps the most important and difficult part of the realization of the Common Market.

We also have established an anti-trust policy entrusted to the Commission. As an independent body, it makes sure that the principles of the anti-trust legislation are observed.

It soon became obvious that the system could not survive if a number of other common policies were not developed. Some are just the normal consequence of the existence of the Common Market, such as an economic and monetary union. We thought that to keep the Common Market developing, we should also deal with monetary problems, make sure that the economies of the member nations do not diverge too much and that on the basis of this integrated economic union, we could then develop other kinds of common policies relating to energy, industry, research and development.

I must confess that to a certain extent we have failed. Before we could realize this ambitious project, Europe experienced a severe recession. We were not prepared to face the types of problems which developed during 1973, '74 and '75. The type of inflation and the rate of unemployment were such that it would have required much more than the Community had achieved to enable Europe to face and solve these problems. Consequently, we experienced a setback that has postponed realization of something we considered essential for the further progress of European economic integration.

Nevertheless, a number of other policies developed independently, such as the agricultural policy. This constitutes a strong link between the nine and is something leading to an economic union.

The last of the common policies is the commercial policy. Having a Common Market with the free movement of goods within its borders, we strongly felt that we should have a common attitude towards the rest of the world. All commercial policies with either industrial or developing countries should be dealt with by the Community which is the basis on which we are developing our attitudes in bilateral relationships.

The Community also has a common external tariff which is much lower than what the average for the nine would have been. Thus, the Community has a strong commitment towards freer trade and particularly in our relationship with the United States.

The population of the Community is larger than that of the United States and while the GNP is nearly as large as America's it is far larger than that of the U.S.S.R. With regard to finances, the Community holds 30% of the world's currency reserves. Thus, in terms of economic power, the Community is a factor in international life which is why rather diverse relationships have been established with outside countries.

Some nations, such as India and other Asian countries wish to conclude commercial agreements with the Community, while Canada and Iran have been trying to establish relationships on a broader economic basis. China is paying greater attention to what is happening in Europe and is trying to conclude a commercial agreement with the Community, as is COMECON which represents Europe's Eastern Block countries.

Thus, while the Community has not developed its domestic policies as hoped, it is acquiring a position in the world that requires a new dimension in political decisions.

I think there are two reasons why the United States should pay attention to the Community. The first is

economic and the second is political. The Community is much more dependent on international trade than the United States. In 1974, the Community derived about 50% of its GNP from world trade, whereas the figure was only 14.8% for America. Since the Community is committed to international trade to a greater extent than the United States, Europe is one of the latter's most important trade partners.

One-quarter of America's agricultural exports goes to the Community despite the latter's agricultural policy. This also underlines the importance of the Community and the United States in their relations with a number of other countries. Together, they are the major factor in world trade. Consequently, their partnership both in terms of stability of world trade and developing freer trade is very important.

They are also industrial partners as evident in the fact that many American firms have undertaken business ventures within the Community. Many Americans living and working abroad have gained a clearer picture of what could be achieved through freer European trade.

Both the Community and the United States are faced with the challenge of a developing world. In this sphere, perhaps our views differ slightly, but our problems are the same.

Viewpoints may differ, because the Community has a much greater dependence on the developing world. Forty percent of the Community's trade is with the developing countries and 85% of raw materials come from them. Close historical links have existed between these countries and Europe, which explains why Europe is perhaps slightly more aware of the need to establish a new type of relationship with them.

The close values and ideals between Europe and the United States are expressed in the analogy between our democratic systems. Also, I think it is an obvious but sad element of the political scene that the forces of democracy are receding in the world whereas Europe and North America are the last pillars of democracy.

One of the main attractions of democracy for the developing countries, both in economic and political terms, is that we have managed to enjoy both democracy and prosperity. Countries either coming out of political upheavals or moving from one type of regime to another, are attracted to the Community. For example, as soon as Portugal and Greece changed from a dictatorship to a democracy, they applied for membership in the Community. However, countries that are not democratic have no hope of joining and benefiting from the Community's prosperity.

In conclusion, I would like to underline what I have said about economic developments and political realizations. We are trying and, in fact, have achieved a number of steps to establish a new type of democracy in terms of national and international life.

For example, the Community recently decided that in 1978 there would be a European Parliament elected directly by the people. This constitutes a major step towards building a united Europe which would not only integrate economic policies, but would also confirm the Community's strong commitment as a stalwart of democracy.